

Exhibit I

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - -
IN THE MATTER OF

IN RE: LEHMAN BROTHERS HOLDINGS INC., ET AL.,

Debtors.

- - - - -
DEPOSITION OF PETER SHERRATT

VOLUME I

Friday, November 13th, 2015

AT: 1:00 p.m.

Taken at:

Hogan Lovells
50 Holborn Viaduct
London
EC1A 2FG
London
United Kingdom

CONFIDENTIAL

Court Reporter:

Chris Lang
Accredited Real-time Reporter

1 A. He may well have done. I mean certainly all of
2 these things are team efforts. I don't recall Vittorio
3 being involved, but he may well have done.

4 Q. And was Thomas Bernard involved?

5 A. Yes, absolutely. Thomas Bernard and Steve Hannan
6 and I had many conversations and had worked together
7 closely over the life of the Formula 1 investment,
8 because it was our job to manage that investment.

9 Q. And was Ruggero Magnoni involved?

10 A. Well, like Vittorio, they were on the investment
11 banking side, so as you will know, there was
12 an agreement put in place in which Lehman Brothers was
13 hired as an investment banking adviser. But there is
14 a slight but nevertheless significant difference between
15 managing the investment and advising on the managing of
16 the investment. And the role of Bernard, Hannan and
17 I was to manage the investment, of which Tom Bernard was
18 the most senior of the three of us.

19 (Exhibit 5 marked for identification)

20 Q. This is an email of November 26, 2005 from Thomas
21 Bernard to Steve Hannan, Patrick Schmitz-Morkramer and
22 Peter Sherratt.

23 A. Mm-hm.

24 Q. Are you familiar with this document?

25 A. Well, you say familiar, there was obviously one

1 A. Mm-hm. "He would have been paid..."

2 Q. Do you see that Vittorio Pignatti said that it was
3 his understanding that "Dr. Marsoner would have been
4 paid by Lehman Brothers for his services concerning the
5 F1 investment or I would not have asked him to help."

6 A. I can see that. Sorry, was there a question in
7 relation to it, or is it just whether I can see that.

8 Q. There will be, just a second.

9 A. Okay.

10 Q. If you turn to Ruggero Magnoni, the last paragraph
11 of his affidavit?

12 A. Mm-hm.

13 Q. Do you see it was said:

14 "It was well understood by the Lehman decision
15 makers that Dr. Marsoner's fees normally amounted to 10
16 percent of firm revenues."

17 MR. HORWITZ: Objection to form.

18 A. I can see that.

19 Q. But you disagree with Pignatti and Magnoni that
20 Dr. Marsoner should have been paid for his advice?

21 MR. HORWITZ: Objection to form.

22 A. Should have been paid at the time in what,
23 2005/2006 --

24 Q. No.

25 A. -- are you saying, or should have been paid at what

1 point? I don't quite understand.

2 Q. That he should have been paid when profits were
3 realized.

4 A. I don't think there was any agreement, so in my
5 work I was just used to having agreements and I was used
6 to situations where people were paid for things that
7 they had been, it was agreed that they would be paid in
8 respect of. I don't think there was any agreement, as
9 far as I know. I may be wrong, but as far as just I am
10 aware, there was no agreement to pay Thomas. But
11 clearly if there was another agreement somewhere else in
12 the firm then I would like to see it and I would respect
13 that.

14 Q. Did you have any role in server's acquisition of
15 Bawag?

16 A. I don't believe I did, but again, I might have been
17 aware of it. You are slightly catching me off guard,
18 Cerberus' investment in Bawag, did you say?

19 Q. Yes.

20 A. No, I believe Bawag was a client of, I may be wrong
21 on this, but I think Bawag was a client of Thomas' when
22 he was at Lehman, I am not sure. That is all I remember
23 of it. There are probably many details which if
24 I refresh my memory I would remember, but not now.

25 Q. Would it surprise you to learn that he was paid

1 Q. If --

2 A. Are you talking about a transaction which I know
3 very little about and don't I know the circumstances and
4 you are asking me whether that would change my mind in
5 relation to Formula 1?

6 Q. Well, you said earlier that your objection to
7 Thomas' claim is that it wasn't written in any of the
8 agreements, is that correct?

9 A. I think I said a number of things, but certainly it
10 was a -- you would normally expect a consultant to have
11 a list of clients and that would be the basis upon which
12 people would normally be paid, so that was my
13 understanding. Now, clearly if that didn't happen, then
14 that didn't happen. What can I say. But my normal --
15 if you are asking me what my state of surprise, or my
16 state of understanding about consultancy agreements is
17 concerned, then normally in a consulting arrangement you
18 normally list the clients that the consultant is going
19 to be paid in respect of, otherwise you have uncertainty
20 and it makes it very difficult to keep proper accounting
21 records.

22 Q. But you wouldn't have determined if Dr. Marsoner
23 was due a success fee?

24 MR. HORWITZ: Objection to form.

25 A. Not unless it related to something I was

1 Q. When you said earlier you were vice chairman of the
2 firm, by the firm do you mean LBHI?

3 A. I mean Lehman Brothers, certainly as I understood
4 it, the most senior, certainly the most senior company
5 within the Lehman Brothers group was LBHI and I was
6 appointed as the vice chairman, but as we have talked
7 about before, the specific legal entities were less
8 important than thinking about the firm as a whole and
9 thinking about how the firm works, so I was vice
10 chairman of what I thought of as Lehman Brothers in the
11 broadest sense.

12 Q. Let us switch gears and talk about Formula 1. What
13 is Formula 1?

14 A. Formula 1 is a company that exists to organize
15 a race calendar to manage the commercial rights, and to
16 generally run the business of Formula 1, which is
17 a racing series which takes place over typically 19 or
18 20 races, it varies a little over the years, in which
19 teams compete for prize money and take part in the
20 profits in general of Formula 1.

21 Q. Did Lehman have any connection with Formula 1 ever?

22 A. Prior to 2001 are you talking about?

23 Q. At any time.

24 A. At any time. In 2001 it lent USD 300 million as
25 part of a USD 1.6 billion total loan to be provided by

1 three financial institutions. And it lent that money to
2 an organization called Kirch which bought 75 percent of
3 Formula 1 and the remaining 25 percent being retained
4 by, as I remember it, Bambino. The loan was made to
5 Kirch with three types of collateral of which, post
6 Kirch bankruptcy, Formula 1 was the most valuable. And
7 so in organizing the bankruptcy of Kirch and attending
8 the creditors meetings, which I did on behalf of Lehman
9 Brothers, what we were trying to do was make sure that
10 the collateral that would come to Lehman Brothers was as
11 valuable as possible. And so I worked extensively in
12 Munich in 2001 in relation to Kirch, but that was very
13 much in relation to Formula 1, because Formula 1 was the
14 largest piece of collateral. And that is where
15 Ruggero Magnoni was enormously helpful and, you know,
16 a very, very valuable colleague and we worked together
17 a lot. Joe Cohen, another investment banker with very
18 strong private equity understanding, as it would
19 essentially become a private equity investment. He had
20 a particular understanding of that field. And there was
21 a whole team of people. Obviously we had legal counsel,
22 we had internal legal counsel, we had investment bankers
23 involved in that from the start, because it was a very
24 large loan default for Lehman Brothers to solve.

25 Q. You mentioned the bankruptcy of Kirch, what is

1 that, and when did that take place?

2 A. I am sorry, Kirch was a media company in Germany
3 and Kirch wanted to buy 75 percent of Formula 1 from the
4 current holders of Formula 1. So it looked to financial
5 institutions to raise that USD 1.6 billion that was
6 necessary. So Bayerische Landesbank, Lehman Brothers
7 and another bank which became JP Morgan, together loaned
8 USD 1.6 billion. And then when Kirch the media company
9 went into bankruptcy itself, the three banks needed to
10 realize the value of their collateral so that they each
11 ended up being shareholders in Formula 1 in place of
12 Kirch.

13 Q. Now, you mentioned Ruggero Magnoni, who was he?

14 A. Ruggero Magnoni was the person who had run the
15 Italian office of Lehman Brothers and was a senior and
16 well respected investment banker working in Italy for
17 Lehman Brothers. He was a long time Lehman Brothers
18 employee.

19 Q. You also mentioned Joe Cohen, who was he?

20 A. Joe Cohen was a particular expert at detailed
21 financial analysis. And when we were working on the
22 Kirch matter, Joe was extremely strong in his detailed
23 analysis of how Kirch should be wound up to our
24 satisfaction and how Formula 1 should fit within that.

25 Q. Now, you've been saying "we". What was your role

1 risk, so Stephen Sleigh, who appears on various emails,
2 you know, he was in the leverage finance part of fixed
3 income, which was the area that held the investment and,
4 you know, it was important for me to work, you know,
5 with them. But in terms of the person who went over to
6 Munich to sit around the table with the other creditors,
7 that fell to me and Ruggero also spent time in Munich
8 and Joe Cohen spent a lot of time in Munich. So
9 I suppose, you know, the fixed income department, still,
10 it stayed very much involved but slightly more from
11 a stance at that point.

12 Q. What was your involvement in connection with F1
13 prior to the bankruptcy?

14 A. Well, I had seen it at commitment committee,
15 because there had been a lot of discussion around
16 whether Formula 1 would be an appropriate asset to hold
17 as collateral on a loan. And there was significant
18 feeling within the firm, particularly in Europe, that
19 Formula 1 was in fact an excellent asset. But it is
20 an unusual asset. Clearly it is highly cash generative,
21 but it is dependent upon a single, you know, it has one
22 important chief executive and the public flotation of
23 Formula 1 is not simple. So there is no easy, instant
24 route to exit.

25 Q. You mentioned a team and then a number of

1 individuals. Can you tell us what this team was?

2 A. Well, in 2001, when we went through, going through
3 the bankruptcy of Kirch, and it was recognized that
4 Formula 1 really was the major asset, a team was formed
5 of three people to do sort of what you might call the
6 work out from the team. That was not to exclude other
7 people, other people had enormous amounts of expertise,
8 on Formula 1 and they would absolutely be involved as
9 much as possible. But there was a need for some people
10 who would be involved on a day to day basis who would
11 actually, you know, spend time with the chief executive
12 of Formula 1 and interact with the other shareholders of
13 Formula 1 and that team that was put together was
14 a three man team, Tom Bernard, Steve Hannan and myself.
15 So the three of us would regularly discuss how Formula 1
16 could be managed. All of the various issues within
17 Formula 1, which were many, because Formula 1 had
18 a significant corporate governance problem, and that was
19 very much a feature of the relationship between the
20 three banks. On the one hand they had issues in their
21 relationship and there were also issues between some of
22 those banks and the chief executive. They have been
23 well documented, but that was also as I saw it.

24 Q. Who was Tom Bernard?

25 A. Tom Bernard was a very respected person from within

1 It is a term commonly used within the industry to
2 describe the internal records of the investment bank to
3 show whether it was profitable, doing well, or not doing
4 well in any particular area.

5 Q. What were -- were there any significant
6 transactions involving Formula 1 investments after the
7 bankruptcy in 2002?

8 A. Yes there were. After we had taken it on as a sort
9 of direct shareholding, there were clearly many issues
10 that arose during the next few years. As I said, there
11 are many disputes, many issues, but in terms of
12 transactions for the term in relation to Formula 1
13 investments themselves, in 2005 we were approached by
14 CVC, who had already approached Bayerische Landesbank
15 and they may well have approached JP Morgan. They
16 approached us to see if we would sell to them and we
17 were very mindful of who CVC was and their interests.
18 Obviously it was very nice to see their interest.
19 I personally were very excited, because I had a high
20 regard for CVC.

21 Q. Who were CVC?

22 A. CVC was a private equity firm formed by senior
23 individuals from Citigroup including Don Mackenzie and
24 other senior individuals at Citigroup, and they formed
25 a private equity group which became very successful and

1 they named it CVC.

2 Q. What was CVC's interests from then on?

3 A. CVC I think could see the opportunity, it could see
4 that Formula 1 was a profitable firm, which is a company
5 which generates significant amounts of cash. It has
6 contracted revenues from TV companies and from sponsors
7 who hold races and it also has money from advertisers
8 and hospitality and freight. So it is an attractive
9 development for a private equity firm. It is also
10 an attractive investment to refinance, which I can go
11 into more detail if you wish. But in any private equity
12 transaction it is normal for a private equity firm to
13 look at refinancing as an opportunity to realize their
14 money. And Formula 1, given its structure, is a good
15 company to go through a refinancing transaction.

16 Q. What happened after CVC approached you in 2005?

17 A. Clearly we were excited. We could see there had
18 been many problems at Formula 1. We could see the value
19 of the asset but clearly there were many issues, so it
20 was very good see that a company that we respected was
21 coming in to buy it and certainly I was particularly
22 excited by the fact, and perhaps I would be, but I was
23 particularly excited by the fact that I thought that
24 this would bring harmony and good governance to
25 Formula 1, because CVC would know how to structure

1 all around the firm. As you can imagine, Formula 1 is
2 an incredibly public matter. It was probably the
3 hottest, you know, most interesting investment done by
4 the firm in Europe. So many people asked questions,
5 offered their opinions, but of course the opinions that
6 really mattered were the ones from, you know, who had
7 a strong insight into Formula 1.

8 Q. And what was your role in 2006 when the refinancing
9 occurred.

10 A. Well, by that time I think Tom had either left the
11 firm or was no longer involved in Formula 1. He stopped
12 being involved after the CVC transaction. So after the
13 2005 transaction it was my responsibility to manage that
14 as, I was on the board of that. But again I would
15 obviously speak to, I don't want to pretend I had
16 a monopoly of knowledge, I would speak regularly with
17 the chief executive about it and I would listen very
18 carefully to others and naturally make sure that the
19 right people were informed, you know, taking into
20 account Chinese walls, which restrict the flow of
21 information. It was my, it was my responsibility to try
22 and make sure our shareholding in Formula 1 retained its
23 value.

24 Q. What was Ruggero Magnoni's role in 2005?

25 A. He was senior investment banker. He stayed in and

1 around the Formula 1 investment. He was always useful
2 to listen to, because he had some tremendous insights
3 because he knew Formula 1 from a long time before. You
4 know, he had been involved, you know, back as long ago
5 as anybody, you know, back end of 2001, and possibly
6 before then. Ruggero was somebody I respected
7 enormously. We would talk about Formula 1. I don't
8 think I would naturally have talked to him about what
9 was going on on the board of Formula 1, I think that
10 might have not been a normal process. I may have done
11 from time to time, but I would have wanted to respect
12 the confidentiality of Formula 1, obviously, within the
13 confines of having been nominated to sit on a board by
14 Lehman Brothers and obviously I was recognized as
15 directly representing the shareholders of Lehman
16 Brothers. But that didn't mean I could speak to any
17 single person at Lehman Brothers. But I would want to
18 speak to the appropriate senior people within Lehman
19 Brothers.

20 Q. What was Ruggero Magnoni's role in 2006 when the
21 refinancing occurred?

22 A. Well, again, he was the sort of senior person in
23 the background. He -- I was obviously on the board but
24 the investment banking team at that time was led by
25 a chap, a person called Richard Atterbury, and the

1 accordance with the firm's standard requirements on
2 consultancy agreements. Because clearly there are
3 minimum standards that you have to have on any well run
4 firm to make sure you don't have people signing all
5 kinds of different agreements, you know, that is the
6 sort of ABC of hiring. It is a bit like employment
7 agreements, you have to have the standard form and you
8 have to make sure that people can follow them.

9 Q. Why is it so important with advisory agreements?

10 A. Well, you don't want people thinking that they
11 should be paid when they, when it has not been agreed.
12 That is one reason. But another reason is that you want
13 to make sure that people have confidentiality and you
14 want to make sure that intellectual property, if it is,
15 particularly with technology consultants, is retained by
16 the firm rather than given to the consultant.

17 Q. Based on your work on the commitment committee, the
18 management committee, can you tell us how Lehman
19 accounted for its investment in Formula 1 in its books
20 and records?

21 A. I am afraid that is a big question, because
22 obviously it changed over time. What would happen is
23 that in each year end we would, because we were filing
24 our annual accounts, and they would be audited annual
25 accounts, we needed to make sure absolutely sure that

1 because I thought CVC would bring the corporate
2 governance that Formula 1 so badly needed.

3 Q. Okay, I am going to show you just one other
4 document that has not been marked as an exhibit yet. We
5 will mark this exhibit 9.

6 (Exhibit 9 marked for identification)

7 MR. HORWITZ: Do you need another copy?

8 MR. JOHNSON: No.

9 A. This is then exhibit, is it? I keep that one and
10 I give it you back at the end.

11 THE COURT REPORTER: Yes.

12 BY MR HORWITZ:

13 Q. If you turn to the second page of this document, do
14 you see on the bottom right-hand corner of the document,
15 it says "Marsoner 00000197"?

16 A. Yes I do.

17 Q. Can you turn to the second page. There is an email
18 in the middle of the page from you and it is
19 dated October 3, 2014 and it says, starts on the second
20 paragraph:

21 "My view is that the claim on LBEL isn't justified.
22 We both know there was no agreement to pay you relating
23 to F1. You are a highly intelligent and meticulous
24 person, and would have put in a claim years ago if you
25 believed in it."

1 Did I read that correctly?

2 A. Yes.

3 Q. In the second paragraph starts:

4 "I do feel a lot of loyalty to old colleagues,
5 especially those I've know for a very long time... But
6 helping on the claim would not only be wrong --"

7 A. "Like you".

8 Q. I am sorry.

9 "...Like you. But helping on the claim would not
10 only be wrong but involve giving false evidence, which
11 is of course a criminal offence in England. Just fyi,
12 Linklaters have spoken to Tom and Christian, who share
13 the view the claim is unjustified."

14 Have I read that correctly?

15 A. Yes.

16 Q. Do you recall sending this email?

17 A. I do. It is relatively recent; as in 2014.

18 Q. Who is Tom that you reference in the email?

19 A. Bernard.

20 Q. Tom Bernard?

21 A. Tom Bernard.

22 Q. Who is Christian?

23 A. Christian Meissner.

24 Q. Who is Christian Meissner?

25 A. He became the head of investment banking. So he

1 was the person to whom the investment bankers sort of
2 reported to in Europe.

3 MR. HORWITZ: We are done. You can go off the record.

4 THE VIDEOGRAPHER: We are going off the record. The time is
5 4:31 p.m.

6 (4:31 p.m.)

7 (Break taken.)

8 (4.46 p.m.)

9 THE VIDEOGRAPHER: We are back on the record. The time is
10 4: 46 p.m.

11 BY MR. JOHNSON:

12 Q. Did Lehman Brothers work closely with JP Morgan in
13 its investment in F1?

14 A. Yes.

15 Q. Did JP Morgan sell its stake in F1 in 2005 after
16 CVC came in?

17 A. Sold most of it, yes.

18 Q. Did JP Morgan have Dr. Marsoner's advice?

19 MR. HORWITZ: Objection to form.

20 A. I don't know, but I would guess not.

21 Q. Because he worked for Lehman Brothers?

22 MR. HORWITZ: Objection to form.

23 A. He had worked for Lehman Brothers for a long time
24 and was obviously a friend, and trusted person by Lehman
25 Brothers. I don't know if he knew the people at